

**MEETING NO. 3242**  
**JOURNAL OF PROCEEDINGS**  
**BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM**  
**OF THE CITY OF DETROIT**  
**HELD THURSDAY, AUGUST 1, 2019**

09:00 A.M.  
RETIREMENT SYSTEMS' CONFERENCE ROOM  
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000  
DETROIT, MICHIGAN 48226

**TRUSTEES PRESENT**

Shawn Battle	Ex/Officio Trustee/Fire Prevention Chief/Mayoral Designee
Michael F. Berent	Elected Trustee/Fire
Matthew Gnatek	Elected Trustee/Police/ Chairperson
Angela R. James	Ex/Officio Retiree Trustee/Police/Mayoral Designee
Megan S. Moslimani	Ex/Officio Trustee/Corporation Counsel /Vice-Chairperson
John Naglick Jr.	Ex/Officio Trustee/Finance Director
George Orzech	*Elected Retiree Trustee/Fire* (via telephone)
Portia Roberson	Ex/Officio Trustee/Mayoral Alternate
John Serda	Elected Trustee/Police
Gregory Trozak	Elected Retiree Trustee/Police
Steven Watson	Ex/Officio Trustee/Director of Forecasting and Economic Analysis-Budget Department/Budget Director's Designee

**TRUSTEES EXCUSED**

Brenda Jones	Ex/Officio Trustee/City Council President
Christa Mclellan	Ex/Officio Trustee/Treasurer
Jeffrey Pegg	Elected Trustee/Fire
Dean Pincheck	Elected Trustee/Fire

**ALSO PRESENT**

David Cetlinski	Executive Director
Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Ronald King	General Counsel
JoAnn Harrison	Administrative Support
Dr. Oscar King III	Board Lobbyist
Bruce Babiarz	Public Relations Advisor

**STAFF EXCUSED**

TaKneisha Johnson	Administrative Assistant IV
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CHAIRPERSON

**MATTHEW GNATEK**

A verbal Roll Call commenced at 09:23 a.m. and Chairperson Gnatek called the meeting to order.

**Present at Roll Call: Michael Berent, Angela James, Megan Moslimani, John Naglick, \*George Orzech (via telephone) John Serda, Gregory Trozak and Steven Watson**

*\*Trustees cannot vote via telephone*

**Re: Approval of August 01, 2019 Agenda**

Michael Berent moved to approve the agenda dated **Thursday August 1<sup>st</sup>, 2019**.  
John Serda supported. The motion passed unanimously.

**Re: Approval of RETIREMENT Applications**

Gregory Trozak moved to approve the **RETIREMENTS** as listed below.  
John Serda supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Eric R. Jurmo – Fire Fighter - Fire
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	15 05 06 – 06 27 19

NAME, TITLE, DEPARTMENT	Yvonne Lampkin – Police Officer - Police
RETIREMENT TYPE-PLAN	Conversion from Duty Disability Type 35 - New
SERVICE CREDIT-EFFECTIVE DATE	24 00 21 – 06 08 19

NAME, TITLE, DEPARTMENT	Berry C. Treadwell – Police Officer - Police
RETIREMENT TYPE-PLAN	Conversion from Duty Disability Type 35 - New
SERVICE CREDIT-EFFECTIVE DATE	25 00 00 – 05 01 19

POLICE AND FIRE RETIREMENT SYSTEM  
CITY OF DETROIT

MEETING NO. 3242  
AUGUST 1, 2019

**RECEIPTS:** The Board received the following receipts for Acknowledgment:

Cash Receipts  
Company: RSCD-PFRS

Cash Account: HYBLIQRES  
Start Date: 7/8/2019  
End Date: 7/29/2019

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/12/2019	CA	Cash Entry	001424	Pre tax mandatory pension contributions 7-12-19	R/C	95,889.03
7/12/2019	GL			Post tax annuity contributions 7-12-19		7,699.46
7/19/2019	CA	Cash Entry	001434	Mandatory pre tax pension contributions 7-19-19	R/C	281,263.09
7/19/2019	GL			Post tax annuity contributions 7-19-19		7,753.03
						<u>392,604.61</u>

Cash Receipts  
Company: RSCD-PFRS

Cash Account: LIQUID RES  
Start Date: 7/8/2019  
End Date: 7/29/2019

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/23/2019	CA	Cash Entry	001435	Loan Deductions 7-12-19 (\$32,853.44)	R/C	32,853.44
7/23/2019	CA	Cash Entry	001441	Loan Deduction Program 7-19-19 (\$73,007.40)	R/C	73,007.40
						<u>105,860.84</u>

**Total Receipts**

**498,465.45**

**Re: Approval of Disbursements**

Michael Berent moved to approve the **Disbursement List** as outlined below.  
John Naglick supported. The motion passed unanimously.

Disbursement Report

Page: 1 of 2  
Date: 7/31/2019 1:03 PM

Account	Payment Method	Currency
LIQUID RES	WIRE	US

  

Vendor Name	Invoice Number	Invoice Description	Amount To Pay
BNY Mellon	111-2019-0025954	BNY Mellon - Management Fees - 2nd Qtr '19	55,537.06
TT International	20190630-114-A	TT International - Management Fees 2nd Qtr '19	146,932.77
CASTLELAKE V LP	072419	Capital Call	408,497.00
MESIROW FINANCIAL REAL ESTATE VALUE FUND III LF	072519	Capital Call	515,854.82
PERMIRA CREDIT SOLUTIONS III	072619	Capital Call	9,600,000.00
VALSTONE OPPORTUNITY FUND VI AIV I, LLC	072219	Capital Call	1,260,022.91
Wind Point Partners IV, L.P	080619	Capital Call - Wind Point Partners IV	1,481,481.00
<b>Cash Account/Payment Method Total:</b>			<b>7 Documents</b>
			<b>13,468,325.56</b>

  

HUNT VEND	ACH	US
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Vendor Name	Invoice Number	Invoice Description	Amount To Pay
500 WEBWARD LLC	85745	Conference Room/Waiting Room Bulb Replacement	26.40
500 WEBWARD LLC	Aug2019	500 Webward - August 2019 Rent	26,050.95
8x8 INC.	2420925	Phone System Services	1,393.33
ADP, INC	539185707	ADP - Check Printing Services	585.80
ADVENT CAPITAL MANAGEMENT, LLC	2Q19	Advent Capital - Management Fees 2nd Qtr '19	82,230.51
ATIVO CAPITAL	2292	Ativo Capital - Management Fees 2nd Qtr '19	38,810.63
BAIRD ADVISORS	BA192Q2314	Baird - Management Fees - 2nd Qtr '19	49,942.38
BLOOMBERG FINANCE LP	5605054845	Bloomberg Finance - Bloomberg Anywhere 7/21/19-10/20/19	5,767.50
CDW GOVERNMENT	PXN7336	Computer Equipment	17.00
CLARK HILL, PLC	893547	Clark Hill - DROP Program for June 2019	464.10
CLARK HILL, PLC	893549	Clark Hill - General Counsel Services for June 2019	26,343.40
CLARK HILL, PLC	893550	Clark Hill - Environmental Geo-Technologies for June 2019	6,072.40
CLARK HILL, PLC	893552	Clark Hill - THL CLO Equity Fund GP for June 2019	4,674.15
FRANK RUSSELL COMPANY	1652017746	Russell Indexes Standard Service 4/1/19-6/30/19	125.00
HARDMAN JOHNSTON GLOBAL ADVISORS	DETPFRE888590619	Hardman Johnston Global - Management Fees 2nd Qtr '19	181,800.71
HARVEST FUND ADVISORS LLC	Detroit P&F 2019 Q2	Harvest Fund - Management Fees 2nd Qtr '19	133,751.69
KENNEDY CAPITAL MANAGEMENT	2Q19	Kennedy - Management Fees - 2nd Qtr '19	173,631.00
Office of the Chief Financial Officer	1048973	Wages & Benefits for City of Detroit Employees June 2019	170,310.85
PARADIGM ASSET MANAGEMENT CO., LLC	2Q19	Paradigm Asset Mgmt - Management Fees 2nd Qtr '19	62,958.02
PIEDMONT INVESTMENT ADVISORS,LLC	INV12192	Piedmont - Management Fees - 2nd Qtr '19	19,722.35

**Re: Approval of Disbursements- Continued**

PUGH CAPITAL MANAGEMENT, INC.	2Q19	Pugh Capital Mgmt - Management Fees 2nd Qtr '19	50,167.42
WELLS CAPITAL MANAGEMENT	12427217	Wells Cap - Management Fees - 2nd Qtr '19	169,686.91
WELLS CAPITAL MANAGEMENT	12425821	Wells Cap - Management Fees - 2nd Qtr '19	102,975.07
<b>Cash Account/Payment Method Total:</b>		<b>23 Documents</b>	<b>1,307,507.57</b>

HUNT VEND	CHECK	US			
Vendor Name	Invoice Number	Invoice Description	Amount To Pay		
Advantage Consulting, Inc.	D105	Full Functional Capacity Evaluation	1,200.00		
ASCENSION MICHIGAN AT WORK(fka Providence Occ'l	357159	Disability Re-Exam Fee	250.00		
ASCENSION MICHIGAN AT WORK(fka Providence Occ'l	357160	Disability Initial Exam Fee	525.00		
CHRYSLIS CONSULTING, LLC	28321	Chrysalis Consulting - Consulting Services 6/1/19-6/30/19	1,345.63		
CRAIN'S DETROIT BUSINESS	071519DC	Crain's Detroit Classic Member Subscription	29.50		
DEROY & DEVEREAUX	2Q19	Deroy & Devereaux - Management Fees - 2nd Qtr '19	44,489.00		
FEDEX	6-602-03019	FedEx Mailing	26.08		
FEDEX	6-608-19062	FedEx Mailing	26.14		
FEDEX	6-615-39220	FedEx Mailing	26.20		
George Orzech	2Q19	Trustee Stipend - George Orzech	980.69		
GREGORY TROZAK	2Q19	Trustee Stipend - Gregory Trozak	980.69		
GREGORY TROZAK	072419GT	Trustee Parking - Gregory Trozak	175.00		
IRON MOUNTAIN	159897	Iron Mountain - Data Domain Service	3,637.95		
Iron Mountain Records Management	BTWZ214	Records Storage	2,034.61		
MELBOURNE CHIROPRACTIC SPINE AND INJURY CEN	13060LD	Melbourne Chiropractic - Narrative Report	200.00		
METCOM	R-16316	Metcom - Spirit Business Card Master Run	171.58		
NASDAQ CORPORATION SOLUTIONS, LLC	0719NOC5190610	Nasdaq Boardvantage User Licenses 4/22/19-4/21/20	7,837.50		
QUILL CORPORATION	8371230	Quill - Office Supplies	35.99		
QUILL CORPORATION	8374899	Quill - Office Supplies	176.31		
QUILL CORPORATION	8403254	Quill - Office Supplies	8.75		
QUILL CORPORATION	8428535	Quill - Office Supplies	16.50		
QUILL CORPORATION	8460259	Quill - Office Supplies	23.00		
QUILL CORPORATION	8748139	Quill - Office Supplies	108.33		
VERIZON WIRELESS	9833433206	Wireless Billing 6/5/19-7/4/19	904.41		
WELLS FARGO VENDOR FINANCIAL SVCS, LLC	102294898	Printer Maintenance	129.11		
<b>Cash Account/Payment Method Total:</b>		<b>25 Documents</b>	<b>65,337.97</b>		

\* Payment amount is estimated based on the effective date 7/31/2019

**Re: Approval of Refunds (Accumulated Contributions)**

Michael Berent moved to approve the **Refunds/Accumulated Contributions** list as outlined below. John Serda supported. The motion passed unanimously.

**LIST NUMBER 3798 - \$212,398.16**

**LIST NUMBER 3799 - \$54,569.26**

**Re: Approval of the Frozen Defined Contribution Plan/ Employee Loan Program**

Michael Berent moved to approve the **Frozen Defined Contribution Plan/ Employee Loan Program** as outlined below. John Serda supported. The motion passed unanimously.

**LIST #1 07/25/2019 – \$54,575.00**

**LIST #2 08/01/2019 – \$18,130.00**

**Re: Approval of Minutes/Journal of Proceedings No. 3240 – (06/20/2019)**

Gregory Trozak moved to approve the **Minutes/Journal of Proceedings No. 3240 (06/20/2019)** Angela James supported. The motion passed unanimously.

**ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

Assistant Executive Director, **Kelly Tapper**, addressed the following with the Board of Trustees:

- Public Act 202 Corrective Action Plan Monitoring: Policy and Procedures disseminated and discussed

➤ ***Trustee Shawn Battle entered the Boardroom at 09:35 a.m.***

- Motley Rice (securities litigation provider) will come before the Board on October 17, 2019
- Education Policy Approval
- Legal Professional Services Agreement Discussion and approval
- In-house Drop Program
- Bank of New York will discuss Securities Lending at the September Board meeting

**Re: Education Policy:** Angela James moved to approve the Education Policy as submitted by the Policy Committee. Megan Moslimani supported. The motion passed unanimously.

**Re: Legal Professional Services Contract:** Angela James moved to approve and execute the legal contract between Police and Fire Retirement System and Ronald King of Clark Hill PLC as submitted to the Board by the legal review committee and reviewed and approved by Robert Klausner. John Serda supported. The motion passed unanimously.

**Re: In-house DROP Program:** John Serda moved to compensate Ed Hammond, separately from and outside of Ronald King's legal contract with regards to the implementation of the In-house DROP as this matter was already a separate engagement. Angela James supported. The motion passed unanimously.

### **EXECUTIVE DIRECTOR'S REPORT**

Executive Director, **David Cetlinski**, addressed the following with the Board of Trustees:

- August pension checks will include the COLA increase
- Mr. Cetlinski will be on vacation August 2-12<sup>th</sup>, 2019

### **CHIEF INVESTMENT OFFICER'S REPORT**

Chief Investment Officer, **Ryan Bigelow**, in addition to his formal report, discussed the following matters with the Board:

- The audit is currently ongoing; will resume the Investment reporting schedule by the next meeting
- Investment Analyst Kristi Grden is leaving the System
- Long Term Rate of return calculation/ approve the methodology

➤ ***Trustee Portia Roberson entered the Boardroom at 9:51 a.m.***

**Re: GASB Methodology:** John Naglick moved to approve the GASB Methodology as presented and recommended by Chief Investment Officer Ryan Bigelow and the Investment Committee. John Serda supported. The motion passed by vote as follows:

Yeas – Battle, Berent, James, Moslimani, Naglick, Serda, Trozak, Watson and Chairperson Gnatek – 9

Nays – None

Abstention: Roberson- 1

### **PUBLIC COMMENT**

None

### **PUBLIC RELATIONS ADVISOR REPORT**

Public Relations Advisor, **Bruce Babiarz**, discussed the following matters with the Board:

- Mr. Babiarz discussed the forwarded articles that he provided to the Board
- Mr. Babiarz has provided a draft of the news release with respect to the newly elected Board Chairperson, Matthew Gnatek and Incumbent Vice Chairperson, Megan Moslimani

### **LOBBYIST'S REPORT**

Lobbyist, **Dr. Oscar King III**, provided the Board with a legislative update as listed below:

- There are no updates as the legislature is on recess until after Labor Day

### **GENERAL COUNSEL'S REPORT**

General Counsel, **Ronald King**, in addition to his legal report, discussed the following matters with the Board:

- PFRS Investment Committee's July 22<sup>nd</sup>, 2019 Meeting regarding Compensation Discussion
  - Update from Ronald A. King, General Counsel, outlining discussions at the July 22<sup>nd</sup>, 2019 PFRS IC meeting and subsequent communications related to DCIO compensation matter. Sean Gallagher was retained. Ron King offered to review the engagement letter, however Chairperson Smith declined. David Cetlinski and Ronald King will follow-up with Chairperson Smith regarding this matter.
- Book Cadillac (Carpenters' Pension Trust Fund- Detroit and Vicinity v Cadillac Funding Associates, LLC, et al Case No. 2019-174796-CB)
  - July 25, 2019 correspondence from Mr. Jeffrey B. Miller to Mr. Donald A. Wagner enclosing a Subpoena and Notice of Taking Deposition to the Police and Fire Retirement System of the City of Detroit.
- Environmental Geo-Technologies, LLC
  - General Counsel will be prepared to discuss the status of this matter in closed session.

**Re: Couzens Lansky Limited Engagement:** On the recommendation of General Counsel, John Naglick moved to retain Couzens Lansky on the limited basis of responding to the subpoena as discussed above; not to exceed (20) twenty hours, using the lowest wage employee capable of handling the tasks for the majority of the work. Portia Roberson supported. The motion passed unanimously.



**Re: Entering Into Closed Session**

Resolution Moved By: Trustee Roberson– Supported By: Trustee James

**WHEREAS**, the Retirement System is subject to the limitation of the Open Meetings Act (“OMA”) being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

**RESOLVED**, that the Board enters into Closed Session for the purpose of discussing Attorney/Client privileged matters regarding the following: to discuss pending litigation and items subject to physician-patient privilege regarding the following: Medical Director’s Report, Environmental Geo-Technologies, LLC, and discussion regarding the compensation of the Deputy-Chief Investment Officer.

A Roll Call Vote was taken as follows:

Yeas – Battle, Berent, James, Moslimani, Naglick, Roberson, Serda, Trozak, Watson and Chairperson Gnatek – 10

Nays – None

The Board entered into **Closed Session** at 10:07 a.m.

**Re: Open Session**

Angela James moved to come out of closed session. John Naglick supported. The motion passed unanimously.

The Board returned to **Open Session** at 10:50 a.m.

**Re: Daniel J. Salkowski et al v City of Detroit, et al:** Angela James moved to approve the course of action as discussed in closed session which includes continuing the representation by Clark Hill PLC (not including Ronald King) in this matter and the Chapter 9 bankruptcy proceeding as this representation falls outside the scope of Ronald King’s professional service agreement. Gregory Trozak Supported. The motion passed unanimously.

**Re: Initial Disability: Kevin King**

It is directed that Mr. King be re-examined and the Medical Director shall provide an updated Medical Report to the Board of Trustees.

**Re: Annual Re-examinations**

Resolution Moved By: Trustee Serda Supported By: Trustee James

**RESOLVED**, that in accordance with the recommendation of the Medical Director, the following be CONTINUED on the Disability Retirement Payroll with **no further re-exams necessary**:

**Arthur Dudal**

Yeas – Battle, Berent, James, Moslimani, Naglick, Roberson, Serda, Trozak, Watson and Chairperson Gnatek – 10

Nays – None

**Re: Annual Re-examinations**

Resolution Moved By: Trustee Serda Supported By: Trustee James

**RESOLVED**, that in accordance with the recommendation of the Medical Director, the following be CONTINUED on the Disability Retirement Payroll with **an exam in one year**:

**Eric Giles**

Yeas – Battle, Berent, James, Moslimani, Naglick, Roberson, Serda, Trozak, Watson and Chairperson Gnatek – 10

Nays – None

**Re: Disability Documents**

Trustee James would like any/all disability related documents (contracts etc.) emailed to the Trustees for review; Ms. Tapper will contact Public Safety to request that any disability related documents are forwarded.

**NEW BUSINESS/OLD BUSINESS**

- Ms. Tapper will send out dates for the Policy Committee to weigh in on for potential meetings.

**ADJOURNMENT**

***John Serda moved to adjourn meeting #3242; Michael Berent supported.***

**Chairperson Gnatek** adjourned the meeting at 10:56 a.m. The Board's next meeting is scheduled for **Thursday, August 1<sup>st</sup>, 2019**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in dark ink, appearing to read 'Kelly Tapper', with a large loop at the start and a long horizontal stroke at the end.

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Kelly Tapper, Assistant Executive Director